

BOUND PRINTED MATTER TRANSPORTATION COST MODEL AND BULK PARCEL RETURN SERVICE COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY14-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates.

B. Predecessor Document

The predecessor model for Bound Printed Matter was presented in Docket No. ACR2013, USPS-FY13-16.

Last year, the predecessor model for Bulk Parcel Return Service was presented in USPS-FY13-16, but the model has been updated in accordance with Docket No. RM 2015-3, Proposal Ten.

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY14-16.

D. Methodology

The Bound Printed Matter transportation cost model relies on the same methodology presented in Docket No. ACR2013, USPS-FY13-16. The Bulk Parcel Return Service cost model relies on the same methodology presented in Docket No. RM2015-3, Proposal Ten.

E. Inputs / Outputs

The Bound Printed Matter transportation cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY14-1	Bound Printed Matter pounds
USPS-FY14-24	Cost Segment 8 piggyback factor
USPS-FY14-32	Cost Segment 8 and 14 data Zone related percentages
USPS-FY14-36	Bound Printed Matter mail piece density

Docket No. R2000-1,
USPS-T-26, Attachment N

Percent of Intra-SCF highway and POV costs
avoided by DDU parcels

Docket No. R2000-1,
USPS-T-27, Attachment K

Average zone hauled

Docket No. R2000-1,
USPS-LR-I-109

Entry profile data
Zone distribution percentages

The Bound Printed Matter transportation cost estimates are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3.

The Bulk Parcel Return Service cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY14-7	Volume variability factors Premium pay factors Wage rates
USPS-FY14-13	Transportation cost per pound estimates
USPS-FY14-15	Media Mail – Library Mail cost model results
USPS-FY14-23	MODS productivity data
USPS-FY14-25	Operations specific piggyback factors
USPS-FY08-15	Parcel processing assumptions
Docket No. R2001-1, USPS-LR-J-64	Parcel processing assumptions BPRS mailer data
Docket No. R2000-1, USPS-T-11	Base year CRA data
Docket No. R2000-1, USPS-T-21, Attachment 13	Base year piggyback factors
Docket No. R2000-1, USPS-T-26	1998 BPRS cubic feet per piece Transportation percentages
Docket No. R2000-1, USPS-LR-I-11	Base year wage rates

Docket No. R97-1,
USPS-LR-H-131

Arrival profile

Docket No. R97-1,
USPS-LR-H-132

Productivity data
Dispatch profile

Docket No. R97-1,
USPS-LR-H-133

Container dimension data

Docket No. R84-1,
Exhibit USPS-T-141

Pieces per container data

1982 CRA

1982 Special Standard cubic feet per piece

The Bulk Parcel Return Service cost estimates are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3.

II. ORGANIZATION

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Microsoft Excel workbooks 'USPS-FY14-16.BPM_TOTAL.xlsx', 'USPS-FY14-16.BPM_FLATS.xlsx', and 'USPS-FY14-16.BPM_PARCELS.xlsx' in the 'Cost-Sum' spreadsheet tabs on pages 1, 8 and 15, respectively. Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

Table 1:
Bound Printed Matter Transportation Cost Estimates

Cost Element	Total Cost Per Pound	Flats Cost Per Pound	Parcels Cost Per Pound
DMBC			
Zone 1 and 2	\$0.0451	\$0.0512	\$0.0406
Zone 3	\$0.0808	\$0.0772	\$0.0835
Zone 4	\$0.1082	\$0.0971	\$0.1165
Zone 5	\$0.2103	\$0.1714	\$0.2395
DSCF	\$0.0320	\$0.0417	\$0.0247
DDU	\$0.0052	\$0.0068	\$0.0041
Non-Dropship			
Zone 1 and 2	\$0.1001	\$0.1019	\$0.0987
Zone 3	\$0.1080	\$0.1114	\$0.1055
Zone 4	\$0.1178	\$0.1231	\$0.1138
Zone 5	\$0.1337	\$0.1422	\$0.1274
Zone 6	\$0.1503	\$0.1620	\$0.1415
Zone 7	\$0.1690	\$0.1844	\$0.1574
Zone 8	\$0.2057	\$0.2284	\$0.1888

The Bulk Parcel Return Service cost estimates are presented in the Microsoft Excel workbook 'USPS-FY14-16.BPRS.xlsx' in the 'Cost-Sum' spreadsheet tab on page 22. Data sources are referenced throughout the workbook. The results are also reported in Table 2 below.

Table 2:
Bulk Parcel Return Service Cost Estimates

Task	Unit Costs
Collection	\$0.045
Mail Processing	\$1.607
Transportation	\$0.718
Delivery	\$0.089
Postage Due	\$0.069
Total Cost	\$2.528